

1 TESTIMONY OF RAYMOND C. SHARPE, III
2 FOR
3 THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
4 DOCKET NO. 96-001-E
5 IN RE: CAROLINA POWER & LIGHT COMPANY
6

7 Q. WOULD YOU PLEASE STATE YOUR NAME, ADDRESS AND
8 OCCUPATION?

9 A. Raymond C. Sharpe, III, 111 Doctors Circle,
10 Columbia, South Carolina. I am employed by the
11 Public Service Commission of South Carolina,
12 Utilities Department as a Senior Public Utilities
13 Rate Analyst.

14 Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND
15 AND YOUR BUSINESS EXPERIENCE?

16 A. I received a Bachelor of Arts Degree from the
17 University of South Carolina in Columbia in 1983.
18 I was employed by this Commission in 1984 as a
19 Utilities Field Representative in the Water and
20 Wastewater Department and was later promoted to
21 Utilities Rate Analyst. In 1990, I was promoted to
22 my current position as a Senior Rate Analyst in the
23 Electric Department. I have attended professional
24 seminars relating to Utility Rate Design,
25 Depreciation and Integrated Resource Planning and

1 have testified before this Commission in conjunction
2 with complaints, electric fuel cost cases and
3 general rate case proceedings for Water, Wastewater
4 and Electric Utilities.

5 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
6 PROCEEDING?

7 A. The purpose of my testimony is to summarize Staff's
8 findings and recommendations as set forth in the
9 Utilities Department's portion of the Staff Report.

10 Q. MR. SHARPE, WHAT SPECIFIC AREAS WERE ENCOMPASSED BY
11 STAFF'S EXAMINATION?

12 A. The Utilities Department's examination of the
13 Company's fuel operations consists of a review of
14 the Company's monthly operating reports, review of
15 the currently approved adjustment for fuel costs
16 Rider and review of the Company's short-term
17 projections of kilowatt-hour sales and fuel
18 requirements.

19 Q. DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR
20 THE PERIOD?

21 A. Yes, we reviewed the Company's operation of its
22 generating facilities including special attention to
23 the nuclear plant operations to determine if the
24 Company made every reasonable effort to minimize
25 fuel costs. During the last fuel proceeding, Staff

1 did not have all the documentation to review the
2 Robinson Unit #2 outage commencing on June 30, 1995
3 and this Commission granted permission to include
4 this outage in this review period.

5 Q. HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT
6 DETERMINATION THAT THE COMPANY HAS ACTED
7 UNREASONABLY IN OPERATING ITS FACILITIES AND BY SO
8 DOING HAS CAUSED ITS CUSTOMERS TO BE SUBJECT TO
9 PAYING HIGHER FUEL COSTS?

10 A. No, the Company's generating facilities,
11 particularly the four Nuclear Units, operated well
12 during the period under review. These nuclear
13 units averaged 85.5% capacity factor for the period,
14 which included a refueling for the Harris Unit 1.
15 There were no fines levied by the NRC against the
16 Company during this period, but of particular note
17 was a Notice of Violation associated with the
18 October 21, 1995 outage at the Harris plant. The
19 Company was cited for 'Failure to Provide Adequate
20 Instructions for Repairing Isolation Valve Pressure
21 Sealing Surfaces'. Staff's analysis of this event
22 indicates that 'Skill of the Craft' was used to
23 perform maintenance on one of three Feedwater
24 Isolation Valves (FWIV) during the previous
25 refueling outage which ended on October 12, 1995.

1 The valve was tested for operability after initial
2 maintenance and found to be operating properly.
3 Subsequently, as the Unit was being brought up to
4 pressure and temperature, a leak was detected at the
5 valve, additional torquing temporarily eliminated
6 the leaking, but as the unit was brought to full
7 power the leak resumed. It was monitored for about
8 two days at which point the Company decided to take
9 the unit off-line to make necessary repairs. Even
10 though there were no written procedures, the same
11 techniques and steps were followed as they had been
12 for each of the refueling outages since the unit
13 commenced operation in 1987 with no symptom of the
14 problem that emerged. Therefore, at the time and
15 in all probability, any written instructions would
16 have mirrored the actual procedures that were
17 followed by the maintenance personnel. The NRC
18 inspection report also stated the safety
19 significance of this event was minimal, the
20 resulting leak was minor and the Company's actions
21 surrounding this situation were conservative. When
22 examined against the standard that the utility must
23 show it took reasonable steps to safeguard against
24 error in contrast to showing that its conduct was
25 free from human error, this event does not warrant a

1 recommendation of a disallowance of fuel costs. The
2 major fossil units averaged over 90% availability
3 for the majority of the period under review as
4 indicated on Utilities Department Exhibit No. 1.

5 Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES
6 DEPARTMENT'S EXHIBITS?

7 A. Exhibit No. 2 shows the Company's Unit Outages for
8 the months of July 1995 through December 1995,
9 listing the plants by unit, duration of the outage,
10 reason for the outage, and corrective action taken.
11 Exhibit No. 3 lists the Company's percentage
12 Generation Mix by fossil, nuclear, and hydro for the
13 period July 1995 through December 1995. Exhibit No.
14 4 reflects the Company's major plants by name, type
15 of fuel used, average fuel cost in cents per KWH to
16 operate, and total megawatt-hours generated for the
17 6 months ending December 1995. Exhibit No. 5 shows
18 a comparison of the Company's original retail
19 megawatt-hour estimated sales to the actual sales
20 for the period under review. Exhibit No. 6 is a
21 comparison of the original fuel factor projections
22 to the factors actually experienced for the six
23 months ending December 1995. Exhibit No. 7 is a
24 graphical representation of the data in Exhibit No.
25 6 including historical and projected data for the

1 period January 1995 through December 1996.
2 Exhibit No. 8 is the Company's currently approved
3 Retail Adjustment for Fuel Costs tariff. Exhibit
4 No. 9 is a history of the cumulative recovery
5 account. Exhibit No. 10 is a table of estimates for
6 the cumulative recovery account balance for various
7 base levels of fuel factors for the period ending
8 September 1996.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes, it does.
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